Present Constitution of BIFR

1420. SHRI S.M. KRISHNA: Will the Minister of FINANCE be pleased to state:

(a) the present Constitution of Board for Industrial and Financial Reconstruction (BIFR);

(b) the salient issues which BIFR examines in regard to revival of sick companies referred to it;

(c) whether Government have fixed any time frame for BIFR to decide the revival of a company; of not, the limitations thereof;

(d) whether Government are aware that the very quaci-judicial nature of BIFR hampers the process of revival of a company;

(e) whether Government have control over BIFR functions; if so, to what extent; and

(f) whether Government propose to extend judicial powers to BIFR to ensure implementation on revival of a company?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) As per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Board for Industrial and Financial Reconstruction (BIFR) shall consist of a Chairman and not less than two and not more than 14 other Members to be appointed by Central Government. As against this, the sanctioned strength of the BIFR is Chairman and eight other Members. Presently, an Acting Chairman and two other Members are in position.

(b) BIFR has reported that it examines the long term techno-economic and commercialy viability of the sick industrial companies registered with it by adopting various measures provided in section 18 of SICA. These measures include restructuring the capital, induction of funds by the promoters, merger with other companies, change of management, provision for working capital, provision for term loans by banks and financial institutions, reliefs and concessions from Central and State Government agencies etc.

(c) Time limit has been prescribed under the provisions of SICA for the completion of the inquiry and preparation if the draft rehabilitation scheme by the Operating Agencies. Implementation schedule is provided by the BIFR for the implementation of rehabilitation schemes.

(d) and (f) As per section (13) of SICA the BIFR shall, for the purposes of any inquiry or for any other purpose under the SICA, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying suits in respect of certain matters mentioned in the said section. Further, BIFR has powers to invoke penal provision under section 33 of SICA against non-compliance of any provision/orders/scheme of the BIFR.

(e) BIFR, a statutory body set up under the provisions of SICA 1985 performs its functions in accordance with the provisions of SICA, Government does not exercise any control over the functioning of BIFR. However, as per the provisions of SICA, the powers to appoint/remove Chairman and Mambers of BIFR and also appointment of Secretary and other officers vest with the Government.

Waiver of Loans to Punjab

1421. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Prime Minister has announced at his recent visit to Punjab that the loans of State amounting to Rs. 8,500 crores will be waived;

(b) if so, whether the said loan waiver policy will be extended to the backward and insurgency prone region of the North-East; and

(c) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No Sir. While the former Prime Minister had announced relief to the State of Punjab from the burden of repayment of Special Term loans granted in the context of militancy, no specific amount had been mentioned.

(b) and (c) North-Eastern States have not been given any special term loans in the context of the militancy. These States are special category States and receive their Central assistance on more favourable terms than non-special category States i.e. as 90% grant and 10% loan. Thus their loan repayment liabilities are not on the same footing as the liabilities of repayment of special term loans granted to Punjab.

Loan Waiver Scheme

1422. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the loan waiver scheme has dampened the loan recovery climate in the country;

(b) the amount of loan overdues separately to each State Co-operative Bank of North-Eastern region with irrecoverable dues;

(c) whether Government can make the full and final settlement of the claims of the Co-operative banks of North-Eastern region under Agricultural and Rural Debt Relief, 1990 Scheme;

(d) the measures taken by Government to revive crop loan in the North-Eastern States specially for Manipur; nad

(e) whether there is any relaxation scheme of loan policy for the North-Eastern region?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) Across the board waiver of loans, in general, has an adverse impact on the recovery climate besides adversely affecting the financial health of credit institutions.

(b) As reported by National Bank for Agriculture and Rural Development (NABARD), the position of loan overdues of State Co-operative Banks (SCBs) in North-Eastern Region and the corresponding irrecoverable dues are given below:

(Rs. crores)

Name of State Co-operative Bank (SCB)	Overdues		
	As on	Amount	Out of which due considered to be irrecoverable
Arunachal Pradesh SCB	31.3.96	4.59	0.61
Meghalaya SCB	31.3.97	12.55	3.54
Mizoram SCB	31.3.97	19.85	3.95
Nagaland SCB	31.3.95	8.54	4.88
Tripura SCB	31.3.97	21.76	2.03
Manipur SCB	31.3.96	14.10	7.18
Assam SCB	31.3.97	66.30	11.07